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LEBANON: Heavy Fighting Continues

The fighting, involving Druze and Christian forces and the Lebanese Army, that has accompanied Israel's redeployment south of the Awwali River has further weakened the government of President Gemayel and is causing concern in Israel.

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The Druze militia, after losing control of the strategic Khaldah crossroads to the Lebanese Army, is subjecting Army units moving between Khaldah and Aramun to heavy shelling. Two US Marines died and two others were wounded during a Druze rocket attack on Beirut airport late last night.

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An Israeli spokesman has warned that the capture of Bhamdun by the Druze would "alter" the Lebanese status quo.

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Comment: The Lebanese Army appears to be pinned down and unable or unwilling to advance into positions evacuated by the Israelis or to help Christian forces in Alayh. A serious outbreak of violence in West Beirut would ensure that the Army could not extend government control beyond the Beirut area.

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The Israeli warning about Bhamdun emphasizes the concern with which Tel Aviv views developments in Lebanon that tend to strengthen Syrian influence. Israel may provide equipment, artillery, and air support to the Christian militia forces, but it is unlikely to move its own troops back into the Shuf and Alayh areas.

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CHAD: Habre's Pessimism

President Habre feels increasingly frustrated and boxed in on all sides as the military standoff continues in Chad. [REDACTED]

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President Habre, in a recent conversation with the US Ambassador in N'Djamena, grumbled that Washington seemed bent on giving Paris a free hand in Chad, and he voiced concern about the military resolve and the diplomatic strategy of the French. He said he believes a prolonged military impasse will afford the time and opportunity for the Libyans to stir up greater dissidence in southern Chad. Habre further complained about the "ambiguity" of Nigerian diplomacy aimed at promoting political reconciliation in Chad. [REDACTED]

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Habre doubts that the OAU is capable of finding a lasting solution to Chad's problems. He also is disappointed with the failure of the UN Security Council to produce a resolution on Chad's complaint about Libyan aggression after lengthy negotiations in the Council's nonaligned caucus ended in a deadlock. [REDACTED]

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The Chadian leader has renewed his periodic plea for US financial aid, noting that French budgetary assistance will total only \$7.5 million this year and is inadequate to meet the government's alarming financial crisis. The US Embassy reports that Habre is vulnerable to an erosion of military and bureaucratic support if he cannot continue to meet at least half-salary payments. [REDACTED]

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Comment: The Information Minister consistently distorts the military situation to gain Western sympathy for Habre. The rebel probe near Oum Chalouba apparently was not sanctioned by Tripoli. [REDACTED]

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Habre clearly feels hamstrung by French policy, which so far has resulted in the de facto military partition of Chad and little diplomatic progress. Just as Habre would like to involve the French militarily against the Libyans, the rebels may be hoping to draw the Libyans into confrontation with the French. [REDACTED]

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POLAND: Austerity Program Collapsing

The government is not carrying out parts of a consumer austerity program essential to economic recovery, apparently because it is reluctant to reduce workers' incomes too severely. []

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The regime allowed wages to rise 29 percent between February and June, when prices rose 25 percent, permitting an increase in real wages somewhat more than planned. Early in the year it failed to enforce several measures proposed in 1982, including a cut in welfare spending and a three-year freeze on wages. At the same time, the regime prohibited many enterprises from increasing the retail prices of their products, despite reform measures in 1982 that gave firms new freedom to set prices. []

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In June the government decided to wait until next January to pass on to consumers the cost of recent increases in procurement prices for agricultural goods. Moreover, the draft of the plan for 1983-85, approved in June, calls for annual increases in private consumption of 4 to 5 percent, instead of the 2-percent rise proposed earlier. []

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Comment: The wage increases may reflect the regime's lack of tight control over decisions made by enterprises. The other actions, however, suggest the government has become so concerned about adverse reaction from the workers to stagnating living standards that it has given in to their demands at the expense of correcting basic weaknesses in the economy. []

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The regime proposed the austerity measures to mollify its Western creditors, and prolonged retrogression could make it more difficult for Warsaw to negotiate favorable terms in the future. The decision to use production to increase domestic consumption may restrict the growth of hard currency exports—needed to service debts—to less than the 12-percent annual increase called for in the plan for 1983-85. []

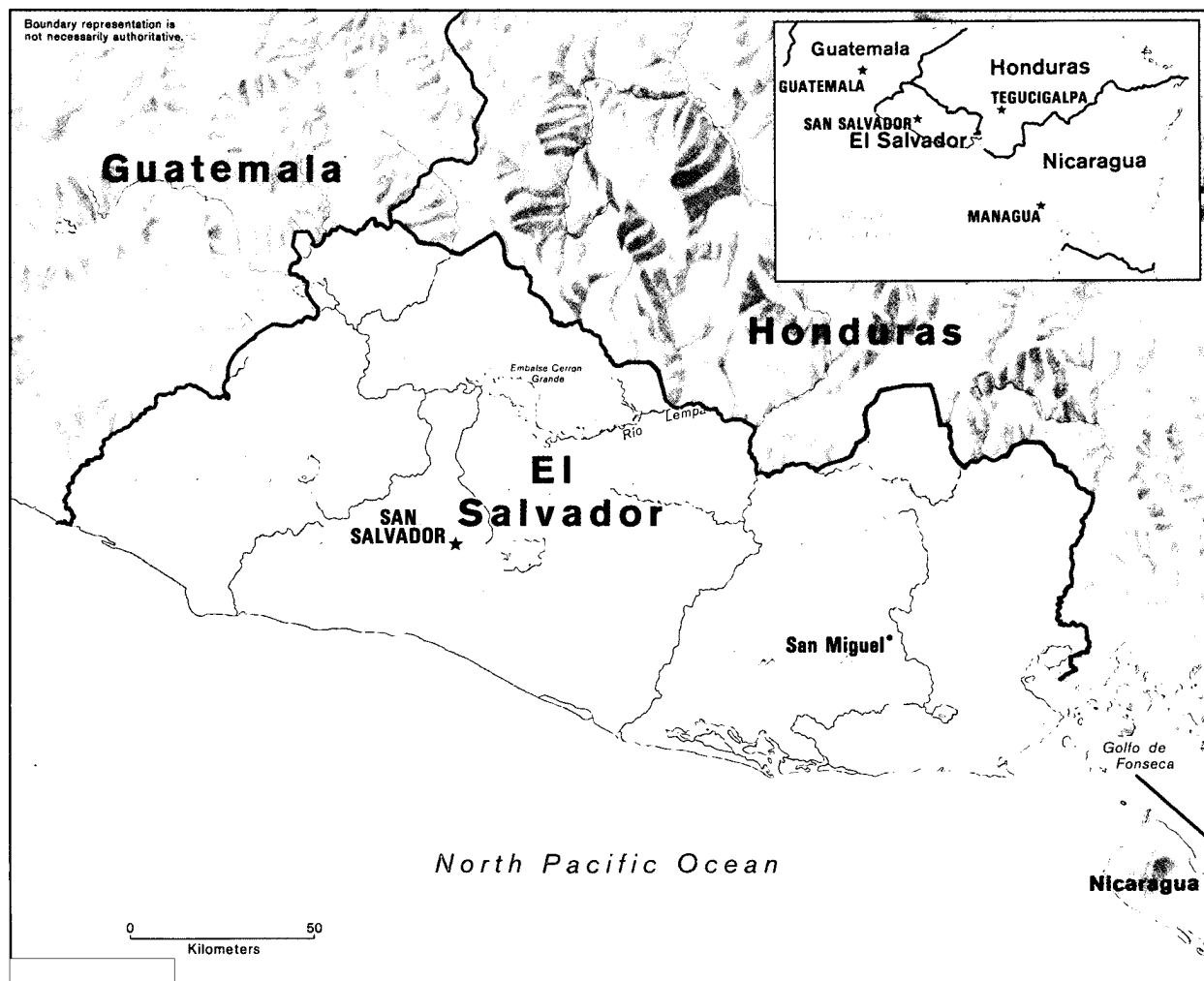
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EL SALVADOR: Guerrillas Strike in the East

In their heaviest action in several months, the insurgents attacked San Miguel—the largest city in the east—over the weekend. [redacted]

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The attack began Saturday with a heavy mortar barrage, and several bridges north and east of the city reportedly were destroyed. Official casualty figures for the action are unavailable. [redacted]

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The US defense attache reports that the Army reacted professionally to early reports of the attack by dispatching reconnaissance flights, placing units throughout the country on alert, and preparing reinforcements for San Miguel if they were needed.

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Comment: The guerrillas' attack was well conceived, as most Army units normally in San Miguel were involved in operations in neighboring departments. The city remains in government hands, however, and the guerrillas apparently have pulled back. [redacted]

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PHILIPPINES: Possible Political Concessions

Senior ruling party officials say they are under pressure from the Church and the business community to make concessions to opposition groups in the aftermath of the assassination of Benigno Aquino. According to the US Embassy, options under consideration include unlimited party accreditation for the National Assembly elections next May and dividing voting districts to assure increased opposition party representation in the Assembly. Ruling party officials also say President Marcos may offer cabinet portfolios to opposition party members. The officials report that the government was shaken by public reaction to Aquino's death and believes it is in a strong enough position to make a significant concession to its political opponents. [REDACTED]

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Comment: Marcos wants to ensure opposition party participation in the elections to legitimize the victory that the ruling party is likely to win, and he probably believes that a gesture of some sort is necessary to accomplish this. How far he goes will depend on his assessment of which option will inflict the least damage on the ruling party's election chances. [REDACTED]

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PAKISTAN: Demonstration in Sind Turns Violent

The Army had to restore order Saturday in the town of Moro in the worst incident so far in central Sind Province. Police clashed with several thousand protesters led by women and children, and seven policemen and 12 demonstrators were killed. In addition, seven influential opposition leaders who returned from voluntary exile to organize protests in the key province of Punjab were arrested at the airport in Islamabad. The government was obliged to transfer the local police official in charge. [REDACTED]

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Comment: The situation in Sind continues to be uneasy. This incident indicates that the government may have to rely increasingly on the Army to quell further protests. [REDACTED]

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SOUTH KOREA-USSR: Tougher Policy

[REDACTED] South Korea also is seeking multinational sponsorship for resolutions in the UN and other international bodies demanding a full investigation, an apology and compensation from Moscow, and credible guarantees against the recurrence of such incidents. At home, opposition politicians and some members of President Chun's own party have sharply criticized the government for not "retaliating" against the Soviets. [REDACTED]

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Comment: Seoul's tougher stance may be designed in part to counterbalance the opposition's opportunistic appeal to public outrage. Seoul's efforts to take the lead in pushing for resolutions against Moscow appear intended to demonstrate an independent and responsible international posture. Although Seoul almost certainly will step back from its recent initiatives to broaden contacts with the USSR, it clearly does not want to jeopardize the Inter-Parliamentary Union conference to be held in Seoul next month or other efforts to enhance South Korea's stature. [REDACTED]

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Special Analysis

NICARAGUA: Strengthening Military Control

Growing anti-Sandinista activity, especially the increased infiltration of insurgent forces into central Nicaragua, and the fear of a possible invasion from Honduras are prompting Managua to expand and strengthen its armed forces. The Sandinistas have announced the formation of a territorial militia and a new military conscription law, both evidently based on the Cuban model. These moves will aggravate economic problems, and they already have provoked an adverse reaction from the regime's opponents. The Sandinistas apparently believe, however, that the measures will strengthen their control over the population while expanding their military forces.

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The renewed insurgent attacks apparently have lent new urgency to Managua's commitment to expanding and improving the performance of its armed forces. In mid-August the Army chief of operations told visiting US officials that the government plans to build the armed forces to some 50,000 men. The official added that, for adequate defense of the country, the militia forces would need to be 10 to 20 times larger than the regular Army.

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Territorial Militia

The Sandinistas announced the formation of the territorial militia in early July. Since then, at least seven battalions—probably created largely from smaller, existing militia elements—have been formed.

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Three battalions each are in Managua and Esteli Departments. Sandinista officials say these revamped militia units will be used to

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Key Features of Proposed Conscription Act

- All males between 18 and 40 have to register.
- All males between 18 and 25 are subject to draft into the regular Army. Active duty tour would be two years, followed by reserve duty until age 40. Active service could be extended or reduced by six months, depending on service needs.
- Males between 25 and 40 have to register and may be subject to reserve duty.
- Females age 18 to 40 have to register and may be subject to reserve duty.
- Ministry of Defense will determine training requirement for reservists, but it probably will adopt at least a 15-day minimum.

NOTE: Several compromises on the proposed bill are likely before its final passage.

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guard key lines of communication, defend population centers, and participate in counterinsurgency operations in their local areas. []

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The realignment of militia organizational boundaries to coincide with Sandinista civil administrative regions may indicate that Managua also plans to use the militia as a means of social control and indoctrination. The military reportedly is considering forming militia brigades to increase command and control over larger areas of the country. []

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Over the longer term, an important goal of the territorial militia program will be to provide the Sandinistas with a better trained and organized manpower base for the armed forces. The US defense attache reports that efforts are already under way to improve militia training from platoon to battalion level. []

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Earlier this year the Sandinistas also announced that they will link a vastly expanded agrarian reform program to their counterinsurgency efforts. The program calls for the formation of armed cooperatives in border areas to give the peasants a stake in the revolution and to deny the insurgents popular support. []

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The addition of the territorial militia to the military's structure closely follows the Cuban example. Havana began establishing its own territorial militias in late 1980. []

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New Conscription Law

The conscription measure submitted last month to the Council of State is intended to provide personnel for both the regular and reserve forces. It may be based on a similar Cuban law and is likely to be approved soon. []

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Registration for the 18-to-21 age group—ostensibly for callup next January—is to begin next month. It may affect as many as 200,000 people. []

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Managua probably will continue to be selective in its induction process, however, by excluding those individuals it views as politically suspect. Although the Sandinistas reportedly have been considering mandatory military service for some time, its implementation at this time is another sign that past recruitment efforts have failed to meet the government's manpower goals. []

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Estimated Nicaraguan Military and Security Forces**Regular Armed Forces**

Ground Forces

(Army and Ministry of Interior)

22,000

Air and Air Defense Forces

1,750

Navy

500

Total**24,250****Others**

Organized Reserve and Militia

27,000-34,000

Other Militia ^a

30,000-40,000

Grand Total**81,250-98,250**

^a Personnel who have been enrolled in the Sandinista militia but have had little or no military training and do not belong to organized units.

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The new conscription law will further weaken the middle class and will compound widespread economic problems by diverting resources otherwise available for production. According to the US Embassy, the new conscription law is likely to prompt substantial numbers of middle class draft-age males to flee the country. The opposition political parties and the Catholic Church leadership have characterized the law as an attempt by the Sandinistas to expand partisan control of the population. [REDACTED]

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Meanwhile, Honduras has responded to the Nicaraguan mobilization by announcing its own nationwide conscription campaign. The Honduran draft, which will draw upon an estimated 300,000 men between the ages of 18 and 30, is scheduled to begin in December. [REDACTED]

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Outlook

In the short run, the new defense measures probably will have a limited impact on the overall capabilities of the Nicaraguan military. The scarcity of administrative resources, money, and arms needed for such an ambitious expansion of the armed forces presumably will preclude rapid enactment of the programs. [REDACTED]

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Nevertheless, the programs come at a time when Managua is placing increasing pressure on its population to take a stand for or against the revolution. The Sandinistas will try to discredit opponents of the conscription law by branding them as unpatriotic. [REDACTED]

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